

Message Text

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PAGE 01 MONTEV 02202 031323Z

42

ACTION ARA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-02

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

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TAGS: ETRD, ECON, BEXP, UY

SUBJECT: URUGUAYAN TRADE REGIME REFORMS

REF: A) MVD A083, 6/18/75

B) MVD 1929

C) MVD 1748

D) MVD A013, 3/1/75

1. SUMMARY: AS EXPECTED, GOU HAS ABOLISHED REQUIREMENT FOR COMPULSORY FOREIGN FINANCING FOR 180 DAYS FOR ALL IMPORTS. CENTRAL BANK CIRCULARS APPROVED JUNE 72 ALSO EXONERATED FROM MINIMUM PRIOR DEPOSIT (CONSIGNACION MINIMA) THOSE CAPITAL GOODS FOR PROJECTS DECLARED "OF NATIONAL INTEREST", IMPORTS MADE WITH CREDITS GRANTED BY FOREIGN GOVERNMENTS OR INTERNATIONAL LENDING AGENCIES, IMPORTS MADE WITH SPECIAL BANK OF THE REPUBLIC FINANCING AND THOSE IMPORTS DESTINED FOR PROJECTS APPROVED BY THE NATIONAL FISHERIES COMMISSION. AT SAME TIME, REINTEGROS (CERTIFICATES PAYABLE ON EXPORTS AND ACCEPTABLE FOR PAYMENT OF LOCAL TAXES) ARE BEING REDUCED BY 10 PER CENT. END SUMMARY.

2. CENTRAL BANK CIRCULAR NO. 646 ABOLISHES COMPULSORY FINANCING OF 180 DAYS FOR ALL IMPORTS INTO URUGUAY, EFFECTIVE JULY 1. WHILE THIS REQUIREMENT HAS BEEN ABOLISHED FOR GENERAL IMPORTS, CERTAIN UNCLASSIFIED

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PAGE 02 MONTEV 02202 031323Z

"CAPITAL GOODS" AS DEFINED BY A LIST PUBLISHED BY THE CENTRAL

BANK IN THE DIARITOOFFICIAL OF JUNE 2, 1975 WILL CONTINUE TO REQUIRE FINANCING IF VALUED AT OVER \$20,000. THIS ALSO REPRESENTS A STEP FORWARD, HOWEVER, AS PREVIOUSLY CAPITAL GOODS VALUED UNDER \$20,000 REQUIRED 180 DAY CREDIT. NEW REGULATIONS FOR CAPITAL GOODS REQUIRE NOT LESS THAN THREE YEAR FINANCING FOR GOODS IF THE CIF VALUE IS \$20,000 TO \$100,000. IF OVER \$100,000, CREDIT MUST BE FOR FIVE YEARS. IMPORT REQUESTS FROM A SINGLE IMPORTER, HOWEVER, ARE TOTALED, AND REQUIREMENTS APPLY TO THE TOTAL AMOUNT EVEN IF INDIVIDUAL IMPORTS ARE LESS, I.E. AN IMPORTER BUYING SIX MACHINES ON THE CAPITAL GOODS LIST WORTH \$20,000 EACH MUST HAVE FIVE YEAR FINANCING BECAUSE THE TOTAL IS OVER \$100,000.

3. AT SAME TIME, CENTRAL BANK CIRCULAR NO. 645 EXONERATES FROM THE CONSIGNACION MINIMA THOSE CAPITAL GOODS IMPORTED FOR PROJECTS DECLARED OF NATIONAL INTEREST (REF D). TO DATE, ELEVEN SUCH PROJECTS HAVE BEEN APPROVED, INCLUDING TWO SYNTHETIC FIBER PLANTS, A FISHING TERMINAL AND A FACTORY TO PRODUCE ELECTRONIC CALCULATORS.

4. OTHER EXONERATIONS FROM THE MINIMUM DEPOSIT ARE IMPORTS: FINANCED BY FOREIGN GOVERNMENT OF INTERNATIONAL LENDING AGENCY CREDITS; FINANCED BY THE DEVELOPMENT PROMOTION DIVISION OF THE BANK OF THE REPUBLIC; OR WHICH ARE DESTINED FOR PROJECTS APPROVED BY THE NATIONAL FISHERIES COMMISSION.

5. THE GOU HAS ALSO JUST ANNOUNCED REDUCTIONS IN REINTEGROS, A SYSTEM BY WHICH NEGOTIABLE TAX CREDIT CERTIFICATES ARE GRANTED FOR A WIDE RANGE OF EXPORTS, VARYING FROM 8 TO 65 PERCENT OF FOB VALUE. BEGINNING JULY 1 REINTEGROS HAVE BEEN REDUCED ACROSS THE BOARD BY 10 PERCENT. IN ADDITION, THE GOU HAS ORDERED A STUDY ON SIMPLIFYING AND POSSIBLY FURTHER REDUCING THESE CREDITS.

6. COMMENT: EMLIINATION OF THE MINIMUM DEPOSIT FOR FISHING INDUSTRY REPRESENTS SECOND SUCH EXONERATION (REF B) AND CONTINUES GOU POLICY OF PROMOTING THOSE INDUSTRIES WHICH ARE BASED ON DOMESTIC RAW MATERIALS.
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